BP to divest mature oil assets in Egypt to Dragon Oil

3 June 2019

BP has agreed to sell its interests in Gulf of Suez oil concessions in Egypt to Dragon Oil, the Dubai-based oil and gas company. Under the terms of the agreement, Dragon Oil will purchase producing and exploration concessions, including BP's interest in the Gulf of Suez Petroleum Company (GUPCO). Dragon Oil is a wholly-owned subsidiary of the Emirates National Oil Company (ENOC).

The deal, which is subject to the Egyptian Ministry of Petroleum and Mineral Resources' approval, is expected to complete during the second half of 2019 and is part of BP's plan to divest more than $10 billion of assets globally over the next two years. Financial details are not being disclosed.

Bob Dudley, BP chief executive, said: "Egypt is a core growth and investment region for BP. In the past four years we have invested around $12 billion in Egypt – more than anywhere else in our portfolio — and we plan another $3 billion investment over the next two years. We look forward to continuing to broaden our business here, working closely with the government of Egypt as we develop the country's abundant resources."

Hesham Mekawi, regional president, BP North Africa, added: "We continue to bring on new developments and deliver important gas supplies for the country. We remain on track to triple our 2016 net production from Egypt by 2020. As we grow our business here, we also keep our portfolio under review. We believe Dragon Oil is well-placed to operate these mature assets, delivering further value for Egypt."

In the past two years, four new gas projects in Egypt have begun production for BP. In February, BP announced the start of production from the second stage of the West Nile Delta development – which includes five gas fields across the North Alexandria and West Mediterranean Deepwater offshore concession blocks – producing from the Giza and Fayoum fields. The first stage, producing from the Taurus and Libra fields, started up in 2017. The final stage, developing the Raven field, is expected to begin production late this year.

When fully onstream in 2019, combined West Nile Delta production is expected to reach up to 1.4 billion cubic feet per day (bcf/d), equivalent to about 20% of Egypt's current gas production. All the gas produced will be fed into the national gas grid.

The BP-operated Atoll Phase One gas project began production in early 2018. The Eni-operated Zohr gas field, in which BP is a partner, began production late 2017.

BP currently produces, with its partners, close to 60% of Egypt's gas production through the joint ventures the Pharaonic Petroleum Company (PhPC) and Petrobel (IEOC JV) in the East Nile Delta as well as through BP's operated West Nile Delta fields.

BP has also expanded its investment portfolio in Egypt through its Castrol lubricants business. Castrol Egypt Lubricants, a joint venture between Castrol UK and TAQA Arabia, was launched in early 2019 to enhance the availability of Castrol products across the country and ensure service to customers and consumers.

BP is also playing an increasingly active role, helped by Lightsource BP's joint venture with construction and engineering group Hassam Allam, to unlock opportunities from solar in Egypt.

Notes to editors

- BP has a long and successful track record in Egypt stretching back for more than 55 years with investments of more than $35 billion, making BP one of the largest foreign investors in the country. BP's activities in the Gulf of Suez have generated value for both Egypt and BP over five decades.
- Today BP's business in Egypt is primarily in oil and gas exploration and production. BP is working to meet Egypt's domestic energy market growth by actively exploring in the Nile Delta and investing to add production from existing discoveries.
- BP has also made a series of discoveries in Egypt in recent years including Satis and Qattameya.
- In December 2018, BP acquired from Eni a 25% participating interest in the Nour North Sinai concession area offshore Egypt.

Further information

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Cautionary statement

In order to utilize the 'safe harbor' provisions of the United States Private Securities Litigation Reform Act of 1995 (the 'PSLRA'), BP is providing the following cautionary statement. This press release contains certain forward-looking statements – that is, statements related to future, not past events and circumstances – which may relate to one or more of the financial condition, results of operations and businesses of BP and certain of the plans and objectives of BP with respect to these items. These statements are generally, but not always, identified by the use of words such as 'will', 'expects', 'is expected to', 'aims', 'should', 'may', 'objective', 'is likely to', 'intends', 'believes', 'anticipates', 'plans', 'we see' or similar expressions. Actual results may differ from those expressed in such statements, depending on a variety of factors including the risk factors set forth in our most recent Annual Report and Form 20-F under "Risk factors" and in any of our more recent public reports.

This document contains references to non-proved resources and production outlooks based on non-proved resources that the SEC's rules prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosures in our Form 20-F, SEC File No. 1-06262.

Our most recent Annual Report and Form 20-F and other period filings are available on our website at www.bp.com, or can be obtained from the SEC by calling 1-800-SEC-0330 or on its website at www.sec.gov